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UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

KDY, INC., a California Corporation,	)	CASE NO. C 08-04074 JL
Plaintiff,	)	
vs.	)	ANSWER & COUNTER-CLAIM OF
	)	DEFENDANTS HYDROSLOTTER,
	)	PACIFIC PETROLEUM, AND TAYLOR
	)	<u>AGAINST COMPLAINT BY KDY.</u>
HYDROSLOTTER CORPORATION,	)	
a Canadian Corporation; PACIFIC	)	
PETROLEUM TECHNOLOGY, LLC,	)	
a Delaware Limited Liability Company;	)	
LEWIS TAYLOR, a Canadian resident;	)	
and DOES 1 through 25, Inclusive,	)	
Defendants.	)	

Defendants Hydroslogger Corporation, Pacific Petroleum Technology, LLC (hereinafter "PPT"), and Lewis (Skip) Taylor, Jr., hereby submit their answer and, in PPT's case, its counter-claim against Plaintiff KDY, Inc.

I.

ANSWER

1. In response to the allegations of ¶ 1 of the Complaint, Hydroslogger, PPT and Taylor admit that Hydroslogger is a Canadian corporation and lawfully doing business in the State of California and a party to the contracts. They deny all other allegations.

1           2.       In response to the allegations of ¶ 2 of the Complaint, Hydroslotter, PPT and  
2 Taylor admit that PPT is a Delaware LLC Canadian corporation and lawfully doing business  
3 in the State of California and a party to the contracts. They deny all other allegations.

4           3.       In response to the allegations of ¶ 3 of the Complaint, Hydroslotter, PPT and  
5 Taylor deny the allegations.

6           4.       In response to the allegations of ¶ 4 of the Complaint, Hydroslotter, PPT and  
7 Taylor admit that KDY is a California corporation and a party to the contracts. They deny  
8 all other allegations.

9           5.       In response to the allegations of ¶ 5 of the Complaint, Hydroslotter, PPT and  
10 Taylor deny the allegations on the basis that they lack sufficient information or knowledge  
11 of the matters alleged therein.

12          6.       In response to the allegations of ¶ 6 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14          7.       In response to the allegations of ¶ 7 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16          8.       In response to the allegations of ¶ 8 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18          9.       In response to the allegations of ¶ 9 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and legal conclusions therein.

20          10.       In response to the allegations of ¶ 10 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22          11.       In response to the allegations of ¶ 11 of the Complaint, Hydroslotter, PPT and  
23 Taylor deny the allegations and legal conclusions therein.

24          12.       In response to the allegations of ¶ 12 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26          13.       In response to the allegations of ¶ 13 of the Complaint, Hydroslotter, PPT and  
27 Taylor admit that they are in the business of using hydroslotting technology.

28          14.       In response to the allegations of ¶ 14 of the Complaint, Hydroslotter, PPT and

1 Taylor deny the allegations and legal conclusions therein, due to the misleading, incomplete,  
2 and/or ambiguous context of its allegations.

3 15. In response to the allegations of ¶ 15 of the Complaint, Hydroslotter, PPT and  
4 Taylor admit that Plaintiff is a provider of services and equipment for the extraction and  
5 production of gas and oil and deny the remaining allegations.

6 16. In response to the allegations of ¶ 16 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and legal conclusions therein.

8 17. In response to the allegations of ¶ 17 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 18. In response to the allegations of ¶ 18 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and legal conclusions therein.

12 19. In response to the allegations of ¶ 19 of the Complaint, Hydroslotter, PPT and  
13 Taylor lack sufficient knowledge or information as to the allegations therein and, therefore,  
14 deny such on the basis of lack of knowledge or information.

15 20. In response to the allegations of ¶ 20 of the Complaint, Hydroslotter, PPT and  
16 Taylor lack sufficient knowledge or information as to the allegations therein and, therefore,  
17 deny such on the basis of lack of knowledge or information.

18 21. In response to the allegations of ¶ 21 of the Complaint, Hydroslotter, PPT and  
19 Taylor lack sufficient knowledge or information as to the allegations therein and, therefore,  
20 deny such on the basis of lack of knowledge or information.

21 22. In response to the allegations of ¶ 22 of the Complaint, Hydroslotter, PPT and  
22 Taylor lack sufficient knowledge or information as to the allegations therein and, therefore,  
23 deny such on the basis of lack of knowledge or information.

24 23. In response to the allegations of ¶ 23 of the Complaint, Hydroslotter, PPT and  
25 Taylor lack sufficient knowledge or information as to the allegations therein and, therefore,  
26 deny such on the basis of lack of knowledge or information.

27 24. In response to the allegations of ¶ 24 of the Complaint, Hydroslotter, PPT and  
28 Taylor deny the allegation/conclusion that they are in breach of contract.

1           25. In response to the allegations of ¶ 25 of the Complaint, Hydroslotter, PPT and  
2 Taylor admit that there was a letter dated February 18, 2004, but deny the remaining  
3 allegations.

4           26. In response to the allegations of ¶ 26 of the Complaint, Hydroslotter, PPT and  
5 Taylor deny the allegations and legal conclusions therein.

6           27. In response to the allegations of ¶ 27 of the Complaint, Hydroslotter, PPT and  
7 Taylor admit to the allegations.

8           28. In response to the allegations of ¶ 28 of the Complaint, Hydroslotter, PPT and  
9 Taylor admit that there was a FAO in draft form but deny the remaining allegations.

10          29. In response to the allegations of ¶ 29 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and legal conclusions therein.

12          30. In response to the allegations of ¶ 30 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14          31. In response to the allegations of ¶ 31 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16          32. In response to the allegations of ¶ 32 of the Complaint, Hydroslotter, PPT and  
17 Taylor admit that there was a draft Agreement I in draft form but deny the remaining  
18 allegations and legal conclusions therein.

19          33. In response to the allegations of ¶ 33 of the Complaint, Hydroslotter, PPT and  
20 Taylor deny the allegations and legal conclusions therein.

21          34. In response to the allegations of ¶ 34 of the Complaint, Hydroslotter, PPT and  
22 Taylor admit that there was a draft Agreement II in draft form but deny the remaining  
23 allegations and legal conclusions therein.

24          35. In response to the allegations of ¶ 35 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26          36. In response to the allegations of ¶ 36 of the Complaint, Hydroslotter, PPT and  
27 Taylor deny the allegations and legal conclusions therein.

28          37. In response to the allegations of ¶ 37 of the Complaint, Hydroslotter, PPT and

1 Taylor deny the allegations and legal conclusions therein that Check #45 was issued for  
2 valuable consideration.

3 38. In response to the allegations of ¶ 38 of the Complaint, Hydroslotter, PPT and  
4 Taylor admit that the a stop payment was placed on Check #45 and deny the remaining  
5 allegations and legal conclusions therein.

6 39. In response to the allegations of ¶ 39 of the Complaint, Hydroslotter, PPT and  
7 Taylor admit to the allegations.

8 40. In response to the allegations of ¶ 40 of the Complaint, Hydroslotter, PPT and  
9 Taylor admit that the Plaintiff wrote a cashier's check in the amount of \$100,000 to cover  
10 the bond but deny the remaining allegations and legal conclusions therein.

11 41. In response to the allegations of ¶ 41 of the Complaint, Hydroslotter, PPT and  
12 Taylor deny the allegations and legal conclusions therein.

13 42. In response to the allegations of ¶ 42 of the Complaint, Hydroslotter, PPT and  
14 Taylor admit that the Andreotti Well began producing gas on or about September, 2005, but  
15 deny the ambiguous allegation that the well produces gas production in "substantial  
16 quantities" on the ground that its meaning is not clear, measurable, or objective.

17 43. In response to the allegations of ¶ 43 of the Complaint, Hydroslotter, PPT and  
18 Taylor deny the allegations and legal conclusions therein.

19 44. In response to the allegations of ¶ 44 of the Complaint, Hydroslotter, PPT and  
20 Taylor deny the allegations and legal conclusions therein.

21 45. In response to the allegations of ¶ 45 of the Complaint, Hydroslotter, PPT and  
22 Taylor deny the allegations and legal conclusions therein.

23 46. In response to the allegations of ¶ 46 of the Complaint, Hydroslotter, PPT and  
24 Taylor deny the allegations regarding the promise made or the drafting.

25 47. In response to the allegations of ¶ 47 of the Complaint, Hydroslotter, PPT and  
26 Taylor deny the allegations and legal conclusions therein.

27 48. In response to the allegations of ¶ 48 of the Complaint, Hydroslotter, PPT and  
28 Taylor deny the allegations and legal conclusions therein.

1           49. In response to the allegations of ¶ 49 of the Complaint, Hydroslotter, PPT and  
2 Taylor deny the allegations and legal conclusions therein, except that they admit that Exhibit  
3 “F” is a copy of the October 25, 2005 letter.

4           50. In response to the allegations of ¶ 50 of the Complaint, Hydroslotter, PPT and  
5 Taylor admit to the allegations.

6           51. In response to the allegations of ¶ 51 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and legal conclusions therein.

8           52. In response to the allegations of ¶ 52 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10          53. In response to the allegations of ¶ 53 of the Complaint, PPT and Taylor deny  
11 the allegations and legal conclusions therein.

12          54. In response to the allegations of ¶ 54 of the Complaint, Hydroslotter, PPT and  
13 Taylor admit to the allegations.

14          55. In response to the allegations of ¶ 55 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16          56. In response to the allegations of ¶ 56 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18          57. In response to the allegations of ¶ 57 of the Complaint, Hydroslotter, PPT and  
19 Taylor admit to the allegations.

20          58. In response to the allegations of ¶ 58 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein and further deny that the check was  
22 issued for valuable consideration.

23          59. In response to the allegations of ¶ 59 of the Complaint, Hydroslotter, PPT and  
24 Taylor admit to the allegations.

25          60. In response to the allegations of ¶ 60 of the Complaint, Hydroslotter, PPT and  
26 Taylor admit to the allegations.

27          61. In response to the allegations of ¶ 61 of the Complaint, Hydroslotter, PPT and  
28 Taylor deny the allegations and legal conclusions therein.

1           62. In response to the allegations of ¶ 62 of the Complaint, Hydroslotter, PPT and  
2 Taylor deny the allegations.

3           63. In response to the allegations of ¶ 63 of the Complaint, Hydroslotter, PPT and  
4 Taylor deny the allegations and legal conclusions therein.

5           64. In response to the allegations of ¶ 64 of the Complaint, Hydroslotter, PPT and  
6 Taylor deny the allegations.

7           65. In response to the allegations of ¶ 65 of the Complaint, Hydroslotter, PPT and  
8 Taylor admit that Hydroslotter paid Plaintiff \$150,000, but deny the remaining allegations.

9           66. In response to the allegations of ¶ 66 of the Complaint, Hydroslotter, PPT and  
10 Taylor deny the allegations and legal conclusions therein.

11           67. In response to the allegations of ¶ 67 of the Complaint, Hydroslotter, PPT and  
12 Taylor deny the allegations.

13           68. In response to the allegations of ¶ 68 of the Complaint, Hydroslotter, PPT and  
14 Taylor deny the allegations and legal conclusions therein.

15           69. In response to the allegations of ¶ 69 of the Complaint, Hydroslotter, PPT and  
16 Taylor admit to the dates on which Plaintiff worked on the wells but deny the remaining  
17 allegations.

18           70. In response to the allegations of ¶ 70 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations.

20           71. In response to the allegations of ¶ 71 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22           72. In response to the allegations of ¶ 72 of the Complaint, Hydroslotter, PPT and  
23 Taylor deny the allegations.

24           73. In response to the allegations of ¶ 73 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26           74. In response to the allegations of ¶ 74 of the Complaint, Hydroslotter, PPT and  
27 Taylor admit to the allegations.

28           75. In response to the allegations of ¶ 75 of the Complaint, Hydroslotter, PPT and

1 Taylor admit to the allegations.

2 76. In response to the allegations of ¶ 76 of the Complaint, Hydroslotter, PPT and  
3 Taylor deny the allegations.

4 77. In response to the allegations of ¶ 77 of the Complaint, Hydroslotter, PPT and  
5 Taylor incorporate the responses previously set forth in the preceding paragraphs.

6 78. In response to the allegations of ¶ 78 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and legal conclusions therein.

8 79. In response to the allegations of ¶ 79 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 80. In response to the allegations of ¶ 80 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and legal conclusions therein.

12 81. In response to the allegations of ¶ 81 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14 82. In response to the allegations of ¶ 82 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16 83. In response to the allegations of ¶ 83 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18 84. In response to the allegations of ¶ 84 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and legal conclusions therein.

20 85. In response to the allegations of ¶ 85 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22 86. In response to the allegations of ¶ 86 of the Complaint, Hydroslotter, PPT and  
23 Taylor deny the allegations and legal conclusions therein.

24 87. In response to the allegations of ¶ 87 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26 88. In response to the allegations of ¶ 88 of the Complaint, Hydroslotter, PPT and  
27 Taylor deny the allegations and legal conclusions therein.

28 89. In response to the allegations of ¶ 89 of the Complaint, Hydroslotter, PPT and



1 Taylor deny the allegations and legal conclusions therein.

2 90. In response to the allegations of ¶ 90 of the Complaint, Hydroslotter, PPT and  
3 Taylor deny the allegations and legal conclusions therein.

4 91. In response to the allegations of ¶ 91 of the Complaint, Hydroslotter, PPT and  
5 Taylor deny the allegations and legal conclusions therein.

6 92. In response to the allegations of ¶ 92 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and the legal conclusions therein.

8 93. In response to the allegations of ¶ 93 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 94. In response to the allegations of ¶ 94 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and legal conclusions therein.

12 95. In response to the allegations of ¶ 95 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14 96. In response to the allegations of ¶ 96 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16 97. In response to the allegations of ¶ 97 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18 98. In response to the allegations of ¶ 98 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and legal conclusions therein.

20 99. In response to the allegations of ¶ 99 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22 100. In response to the allegations of ¶ 100 of the Complaint, Hydroslotter, PPT and  
23 Taylor deny the allegations and legal conclusions therein.

24 101. In response to the allegations of ¶ 101 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26 102. In response to the allegations of ¶ 102 of the Complaint, Hydroslotter, PPT and  
27 Taylor deny the allegations and the legal conclusions therein.

28 103. In response to the allegations of ¶ 103 of the Complaint, Hydroslotter, PPT and

1 Taylor deny the allegations and legal conclusions therein.

2 104. In response to the allegations of ¶ 104 of the Complaint, Hydroslotter, PPT and  
3 Taylor deny the allegations and legal conclusions therein.

4 105. In response to the allegations of ¶ 105 of the Complaint, Hydroslotter, PPT and  
5 Taylor deny the allegations and legal conclusions therein.

6 106. In response to the allegations of ¶ 106 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and legal conclusions therein.

8 107. In response to the allegations of ¶ 107 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 108. In response to the allegations of ¶ 108 of the Complaint, Hydroslotter, PPT and  
11 Taylor incorporate the responses set forth in the preceding paragraphs.

12 109. In response to the allegations of ¶ 109 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14 110. In response to the allegations of ¶ 110 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16 111. In response to the allegations of ¶ 111 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18 112. In response to the allegations of ¶ 112 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and the legal conclusions therein.

20 113. In response to the allegations of ¶ 113 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22 114. In response to the allegations of ¶ 114 of the Complaint, Hydroslotter, PPT and  
23 Taylor deny the allegations and legal conclusions therein.

24 115. In response to the allegations of ¶ 115 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26 116. In response to the allegations of ¶ 116 of the Complaint, Hydroslotter, PPT and  
27 Taylor deny the allegations and legal conclusions therein.

28 117. In response to the allegations of ¶ 117 of the Complaint, Hydroslotter, PPT and

1 Taylor deny the allegations and legal conclusions therein.

2 118. In response to the allegations of ¶ 118 of the Complaint, Hydroslotter, PPT and  
3 Taylor deny the allegations and legal conclusions therein.

4 119. In response to the allegations of ¶ 119 of the Complaint, Hydroslotter, PPT and  
5 Taylor deny the allegations and legal conclusions therein.

6 120. In response to the allegations of ¶ 120 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and legal conclusions therein.

8 121. In response to the allegations of ¶ 121 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 122. In response to the allegations of ¶ 122 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and the legal conclusions therein.

12 123. In response to the allegations of ¶ 123 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14 124. In response to the allegations of ¶ 124 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16 125. In response to the allegations of ¶ 125 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18 126. In response to the allegations of ¶ 126 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and legal conclusions therein.

20 127. In response to the allegations of ¶ 127 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22 128. In response to the allegations of ¶ 128 of the Complaint, Hydroslotter, PPT and  
23 Taylor incorporate the responses set forth in the preceding paragraphs.

24 129. In response to the allegations of ¶ 129 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26 130. In response to the allegations of ¶ 130 of the Complaint, Hydroslotter, PPT and  
27 Taylor deny the allegations and legal conclusions therein.

28 131. In response to the allegations of ¶ 131 of the Complaint, Hydroslotter, PPT and

1 Taylor deny the allegations and legal conclusions therein.

2 132. In response to the allegations of ¶ 132 of the Complaint, Hydroslotter, PPT and  
3 Taylor deny the allegations and the legal conclusions therein.

4 133. In response to the allegations of ¶ 133 of the Complaint, Hydroslotter, PPT and  
5 Taylor deny the allegations and legal conclusions therein.

6 134. In response to the allegations of ¶ 134 of the Complaint, Hydroslotter, PPT and  
7 Taylor incorporate the responses set forth in the preceding paragraphs.

8 135. In response to the allegations of ¶ 135 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 136. In response to the allegations of ¶ 136 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and legal conclusions therein.

12 137. In response to the allegations of ¶ 137 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and legal conclusions therein.

14 138. In response to the allegations of ¶ 138 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16 139. In response to the allegations of ¶ 139 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18 140. In response to the allegations of ¶ 140 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and legal conclusions therein.

20 141. In response to the allegations of ¶ 141 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22 142. In response to the allegations of ¶ 142 of the Complaint, Hydroslotter, PPT and  
23 Taylor deny the allegations and the legal conclusions therein.

24 143. In response to the allegations of ¶ 143 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26 144. In response to the allegations of ¶ 144 of the Complaint, Hydroslotter, PPT and  
27 Taylor deny the allegations and legal conclusions therein.

28 145. In response to the allegations of ¶ 145 of the Complaint, Hydroslotter, PPT and

1 Taylor deny the allegations and legal conclusions therein.

2 146. In response to the allegations of ¶ 146 of the Complaint, Hydroslotter, PPT and  
3 Taylor deny the allegations and legal conclusions therein.

4 147. In response to the allegations of ¶ 147 of the Complaint, Hydroslotter, PPT and  
5 Taylor incorporate the responses set forth in the preceding paragraph.

6 148. In response to the allegations of ¶ 148 of the Complaint, Hydroslotter, PPT and  
7 Taylor deny the allegations and legal conclusions therein.

8 149. In response to the allegations of ¶ 149 of the Complaint, Hydroslotter, PPT and  
9 Taylor deny the allegations and legal conclusions therein.

10 150. In response to the allegations of ¶ 150 of the Complaint, Hydroslotter, PPT and  
11 Taylor deny the allegations and legal conclusions therein.

12 151. In response to the allegations of ¶ 151 of the Complaint, Hydroslotter, PPT and  
13 Taylor deny the allegations and the legal conclusions therein.

14 152. In response to the allegations of ¶ 152 of the Complaint, Hydroslotter, PPT and  
15 Taylor deny the allegations and legal conclusions therein.

16 153. In response to the allegations of ¶ 153 of the Complaint, Hydroslotter, PPT and  
17 Taylor deny the allegations and legal conclusions therein.

18 154. In response to the allegations of ¶ 154 of the Complaint, Hydroslotter, PPT and  
19 Taylor deny the allegations and legal conclusions therein.

20 155. In response to the allegations of ¶ 155 of the Complaint, Hydroslotter, PPT and  
21 Taylor deny the allegations and legal conclusions therein.

22 156. In response to the allegations of ¶ 156 of the Complaint, Hydroslotter, PPT and  
23 Taylor incorporate the responses set forth in the preceding paragraphs.

24 157. In response to the allegations of ¶ 157 of the Complaint, Hydroslotter, PPT and  
25 Taylor deny the allegations and legal conclusions therein.

26 II.

27 AFFIRMATIVE DEFENSES

28 1. As a separate affirmative defense, the Defendants allege that the Complaint

1 failed to allege facts sufficient to constitute a cause of action.

2 2. As a separate affirmative defense, the Defendants allege that all claims alleged  
3 in the Complaint are barred by the applicable statute of limitations.

4 3. As a separate affirmative defense, the Defendants allege that Plaintiff failed to  
5 take reasonable efforts to mitigate its damages, if any, and any damages should be reduced  
6 accordingly.

7 4. As a separate affirmative defense, the Defendants allege that any damages were  
8 caused by Plaintiff's own misconduct.

9 5. As a separate affirmative defense, the Defendants allege that third-parties  
10 engaged in misconduct which caused, in whole or in part, any damages which Plaintiff might  
11 have suffered and that such third-parties (and not the Defendants) should be held responsible  
12 for the same.

13 6. As a separate affirmative defense, the Defendants allege that third-parties  
14 engaged in misconduct which caused, in whole or in part, any damages which Plaintiff might  
15 have suffered, thereby reducing, on a comparative basis, any liability for damages which the  
16 Defendants might incur.

17 7. As a separate affirmative defense, the Defendants allege that the defenses of  
18 waiver, laches, estoppel, and/or unclean hands serve as bars to any recovery by the Plaintiff.

19 8. As a separate affirmative defense, the Defendants allege that other third-  
20 parties' misconduct was the active cause for any harm or damage to Plaintiff and that,  
21 accordingly, the Defendants are entitled to full indemnification, including payment of the  
22 Defendants' attorney's fees and costs, from such third-parties.

23 9. As a separate affirmative defense, the Defendants allege that Plaintiff's own  
24 assumption of risk serves as a bar to its attempt to recover.

25 10. As a separate affirmative defense, the Defendants allege that Plaintiff's own  
26 misconduct caused damages and harm to the Defendants which far exceed any damages or  
27 harm which the Plaintiff might have experienced. Accordingly, the Defendants are entitled  
28 to an offset as to any damages which they might owe to Plaintiff. Said offset should reduce

1 or eliminate any liability owing by the Defendants to the Plaintiff.

2 III.

3 COUNTER-CLAIM

4 1. Defendants Hydroslotter and Plaintiff KDY entered into an agreement in which  
5 KDY would perform certain professional services in connection with the maintenance and  
6 repair of the gas wells at issue.

7 2. Plaintiff KDY breach its duty of care by negligently or otherwise wrongfully  
8 performed its services so that they resulted in the injury and damage to Hydroslotter's gas  
9 wells.

10 3. Plaintiff's negligent or wrongful performance proximately caused Hydroslotter  
11 and other Defendants damages in excess of \$2 million. The exact sum to be proven at trial.

12 4. Accordingly, Plaintiff KDY is liable to Hydroslotter and the other Defendants  
13 damages in excessive of \$2 million.

14 IV.

15 PRAYER FOR RELIEF

16 Wherefore, Defendants Hydroslotter Corporation, Pacific Petroleum Technology,  
17 LLC, and Lewis Taylor respectfully request the following relief:

- 18 1. That Plaintiff take nothing and receive no remedy/relief from its Complaint.  
19 2. That Plaintiff pay the Defendants' reasonable attorney's fees and costs.  
20 3. That Plaintiff pay the Defendants monetary damages of not less than \$5  
21 million.  
22 4. That the Court award any other relief or remedy as appropriate.

23 DATED: September 2, 2008

Respectfully submitted,

24 CAREY & CAREY

25  
26  
27 /s/  
by JERRY Y. FONG, for Defendants  
28 HYDROSLOTTER, PPT, & TAYLOR